

Message Text

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ACTION STR-07

INFO OCT-01 IO-13 STRE-00 ISO-00 OIC-02 AF-10 ARA-10

EA-10 EUR-12 NEA-11 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05

SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01

DOE-15 /169 W

-----114626 161734Z /41

P 161717Z MAY 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 9683

INFO AMEMBASSY OTTAWA

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USMTN

ACTION STR PASS ELECTRICALLY

STR PASS CODEL

E.O. 11652 N/A

TAGS: MTN, ETRD, CA

SUBJECT: U.S.-CANADIAN BILATERAL ON MACHINERY, MAY 12, 1978

1. U.S. DEL (HAMERSCHLAG ET AL) MET WITH CANADIAN DEL (DENIS ET AL) IN AN ALL-DAY SESSION ON MAY 12 TO CONTINUE DISCUSSION OF IMPROVEMENTS SOUGHT IN EACH OTHERS' TARIFF OFFERS. THE AREA OF MACHINERY WAS COVERED. ELECTRICAL MACHINERY AND DOMESTIC APPLIANCE WERE LEFT TO A LATER MEETING.

2. IN THE MORNING SESSION, WHICH WAS DEVOTED TO THE U.S. OFFER, DENIS OBVIOUSLY OPERATING FROM A PRIORITY LIST, IDENTIFIED SEVERAL TSUS ITEMS WHERE CANADA WAS INTERESTED IN FULL APPLICATION OF U.S. TRADE ACT AUTHORITY.

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SOME OF THESE CLASSIFICATIONS MAY BE QUESTIONABLE AND WHERE THIS IS SO, THE CANADIAN HAVE PROMISED TO PROVIDE A MORE TECHNICAL DESCRIPTION OF THEIR SPECIFIC PRODUCT INTERESTS.

3. 661.10 -- FANS AND BLOWERS. THIS ITEM DESCRIBED AS IMPORTANT TO CANADA AND A GREATER THAN FORMULA CUT IS

DESIRED. ITEM OF PRINCIPAL CANADIAN INTEREST IS TRACTOR MOUNTED SNOW BLOWERS. AS THIS PRODUCT SUPPOSEDLY IS USED ON THE FARM, THE CANADIANS WOULD ALSO BE INTERESTED IN ITS BEING CLASSIFIED UNDER TSUS 660.00. THE CANADIANS WERE ALSO INTERESTED IN SEED BLOWERS FOR ON-FARM USE, BUT PRESUMABLY THIS ARTICLE IS CLASSIFIED UNDER TSUS 666.00.

661.30 -- INTEREST IS IN ANNEALING FURNACES, FURTHER TECHNICAL DESCRIPTION PROMISED.

661.95 -- FILTERING AND PURIFYING MACHINERY AND PARTS. CANADIANS ARE INTERESTED IN ENVIRONMENTAL EQUIPMENT, FURTHER DESCRIPTION PROMISED.

662.30 -- WEIGHING MACHINERY AND SCALES. INTEREST IS IN TRUCK WEIGHING SCALES.

668.04 -- STOCK-TREATING PARTS FOR PULP AND PAPER-MAKING MACHINES. DESCRIBED AS A HIGH PRIORITY ITEM FOR GTF CUT. WE NOTED THAT THE ARTICLE HAS SOME IMPORT SENSITIVITY AND SUGGESTED THAT WE WOULD AT LEAST REQUIRE THE CANADIANS TO MATCH THE U.S. RATE.

664.05 AND 664.10 -- CANADIANS MAINTAINED THAT SOME ITEMS ENTERED HERE ARE FOR AGRICULTURAL USE, AND SHOULD LIMITED OFFICIAL USE

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BE CLASSIFIED UNDER 666.00. SINCE U.S. OFFER ON THESE TWO LINES IS TO FREE, THE OFFER IF MAINTAINED SHOULD RENDER THE CLASSIFICATION QUESTION MOOT.

670.58 -- LATCH NEEDLES. NOT INTERESTED IN FURTHER REDUCTION, BUT WONDERED WHY WE DIDN'T MAKE FULL TA CUT.

674.20 -- METAL ROLLING MILLS AND PARTS. ALTHOUGH CANADA IS NOT A SUBSTANTIAL SUPPLIER, ITEM WAS VARIOUSLY DESCRIBED AS A HIGH PRIORITY ITEM AND ONE IN WHICH THERE WAS A "FAIR AMOUNT OF CANADIAN INTEREST."

674.53 -- PARTS OF METAL FORMING TOOLS, NSPF. CANADIANS PRIMARILY INTERESTED IN KNOWING TRADE COVERAGE OF OUR 7-DIGIT OFFER.

676.52 -- PARTS OF ADP MACHINES. CANADIANS INDICATED THEY MIGHT DISCUSS THIS IN DETAIL LATER. THEY NOTED THAT A TARIFF DISPARITY WOULD BE CREATED IF WE IMPLEMENTED OUR RESPECTIVE OFFERS.

678.40 -- AUTOMATIC VENDING MACHINES. CANADIANS

INDICATED "WE CERTAINLY DO HAVE AN INTEREST." ASKED WHAT
WE KNOW ABOUT THIS INDUSTRY'S POSSIBLE RATIONALIZATION
FOR THE NORTH AMERICAN MARKET.

680.05, .07, .12, AND .15 -- MOLDS, ETC. CANADIANS'
PRINCIPAL INTEREST FOR THE TIME BEING SEEMED IN CLEARING
UP SUBPART J DESCRIPTION, PARTS OF MACHINES.

680.22 -- TAPS, CORKS AND VALVES. INTERESTED MAINLY
IN KNOWING THE TRADE COVERAGE OF OUR 7-DIGIT OFFER.

680.27 -- FLOW CONTROL DEVICES. NO SPECIFIC INTERESTS
OR PRIORITIES IDENTIFIED BUT WONDERED WHY WE DID NOT
MAKE FULL TA CUTS.
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687.35 -- BALL AND ROLLER BEARINGS. DENIS ASKED

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ACTION STR PASS ELECTRICALLY

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A FEW QUESTIONS ABOUT THE U.S. OFFER HERE BUT MADE NO SERIOUS OVERTURES. HE NOTED INTEREST IS IN "LARGE BEARINGS FOR RAILROAD CARS."

680.40 -- GRINDING BALLS. IDENTIFIED AS A HIGH PRIORITY ITEM WHERE THE CANADIANS WANT FULL TA CUTS.

680.54 -- CHAIN SPROCKETS, ETC. NO SPECIAL COMMENTS.

684.62 - TELEPHONE EQUIPMENT. NO SPECIFIC COMMENTS ALTHOUGH DENIS DID INQUIRE AS TO THE STATE OF THE U.S. INDUSTRY. WE COULD PROVIDE LITTLE INFORMATION BESIDES NOTING THE USITC'S 332 ON BASELINE SWITCHING EQUIPMENT.

4. CANADIANS WERE UNWILLING TO BEGIN SPELLING OUT IN LIMITED OFFICIAL USE

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DETAIL THEIR PRIORITIES; HOWEVER, COMMENTS REVEALED THAT TSUS 661.10, 668.04, 674.20, 678.40, AND 680.40 SHOULD BE GIVEN SPECIAL ATTENTION IN WASHINGTON AGENCIES' CONSIDERATION OF IMPROVEMENTS OR WITHDRAWALS.

5. THE AFTERNOON SESSION WAS DEVOTED TO THE CANADIAN OFFER. U.S. DEL DEVOTED MOST OF THE TIME TO PROBLEMS RAISED BY "MADE IN CANADA" CONCEPT AND THE MACHINERY PROGRAM (REPORTED SEPTTEL). IN ADDITION THE U.S. INDICATED ITEMS ON WHICH EX-OUTS OF THE MACHINERY BASKET 42700 WOULD BE ASKED. THESE INCLUDED FORKLIFT TRUCKS, BOOK-BINDING MACHINERY, INDUSTRIAL STAPLERS, FOUNDRY EQUIPMENT, ROLLING MILL MACHINERY, VARIOUS MACHINE TOOLS, PLASTICS INDUSTRY MACHINERY, ALL FOR DUTY-FREE TREATMENT, AND ROAD ROLLERS, ELECTRICAL GENERATORS, RAILROAD CONSTRUCTION MACHINERY AND COIN-OPERATED AMUSEMENT MACHINES FOR GREATER-THAN-FORMULA CUTS. WE ALSO SOUGHT CLARIFICATION ON ITEMS SUCH AS SPORTING EQUIPMENT WHERE TRADE WAS SHOWN IN THE MACHINERY BASKET, BUT THE BULK OF THE ITEM WAS OBVIOUSLY CLASSIFIED ELSEWHERE IN THE CANADIAN TARIFF. FOR THE RESIDUAL ITEMS IN THE 42700 BASKET, THE U.S. SUGGESTED AN APPROPRIATE RATE WOULD BE 7.5 PERCENT.

6. DRAFTED BY MALISH AND MIMS. MCDONALD

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